

ABSTRACT OF DISCLOSURE

The present invention is a system that includes a first financial management system handling receivables and a second financial management system handling payables. The receivables system sends debt offset information to an offset payment system and the payables system sends payment information to the offset payments system. The offset payment system either makes a payment or offsets the payment with the debt. Both of the financial management systems receive offset information from the offset payment system. The system designates, in the respective separate receivables and payables systems, debt and payments that are suitable for offset using threshold criteria such as age, amount, party, number of notices of delinquency, etc. The system allows administrative fees and other charges, such as interest and penalties, to be added to the debt as well as the limiting of the percentage applicable to the offset at the time of the referral. During the referral of the debt to the offset payments system, the debtor as well as other parties, such as credit bureaus, are informed or notified of the delinquent debt and the referral information can be stored in a data warehouse for later analysis. The documents associated with the debt can also be stored as images allowing those involved in the workflow associated with the debt and payments to view images of the documents as needed. When an offset occurs the system feeds the amount of the offset back to the receivables and payables systems to update the records therein to reflect the amount and that the amount was an offset. That is, an authorized payment is shown as fully or partially offset and a debt is shown as fully or partially satisfied via the offset. The records of financial management systems as well as the offset system are updated when a payment is made by the debtor after a referral has occurred, when a decision is made to write-off the debt as well as when the debtor is involved in bankruptcy. The invention also provides for reconciliation of the debts, payments and offsets. Online access to the records is also provided for the debtor as well as the personnel from the organizations of the payable, receivable and offset payment systems.